



## HOUSE OF REPRESENTATIVES

H. No. 4069

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BY REPRESENTATIVES ANGARA, BUESER, SINGSON, ESPINA, PUENTEVELLA,  
TAÑADA, LAPUS, TEVES, FIGUEROA, VILLAFUERTE, REYES (E.),  
BABELLES, SOON-RUIZ, SOLIS, SUSANO, ARROYO (I.), DE GUZMAN,  
VILLANUEVA AND VILLAROSA, PER COMMITTEE REPORT NO. 614

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AN ACT AMENDING CERTAIN PROVISIONS OF PRESIDENTIAL  
DECREE NO. 1464, OTHERWISE KNOWN AS THE TARIFF AND  
CUSTOMS CODE OF THE PHILIPPINES, AS AMENDED, AND FOR  
OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives of the Philippines in  
Congress assembled:*

1           SECTION 1. *Short Title.* – This Act shall be known and cited as the “Anti-  
2 Smuggling Act of 2005.”

3           SEC. 2. Section 201, Title II, Part 1 of the Tariff and Customs Code of  
4 the Philippines, as amended, is hereby further amended by inserting after the  
5 third and second to the last paragraphs thereof the following provisions to read  
6 as follows:

7           “SEC. 201. *Basis of Dutiable Value.* –

8           “x x x.

1            "If in the course of determining the dutiable value of the  
2 imported goods, it becomes necessary to delay the final  
3 determination of such dutiable value, the importer shall  
4 nevertheless be able to secure the release of the imported goods  
5 upon filing of a sufficient guarantee in the form of a LETTER OF  
6 CREDIT, surety bond, a deposit, cash, or some other appropriate  
7 instrument in an amount equivalent to the imposable duties and  
8 taxes [on] FOR WHICH the imported goods [in question] may be  
9 liable: *Provided, however,* That goods, the importation of which  
10 is prohibited by law shall not be released under any  
11 circumstances whatsoever: ***PROVIDED, FURTHER, THAT***  
12 **SURETY BONDS FROM A SURETY COMPANY WHICH HAS AN**  
13 **OUTSTANDING LIABILITY OF THIRTY PERCENT (30%) OR**  
14 **MORE OF THE TOTAL DUE AND DEMANDABLE BONDS ISSUED**  
15 **IN FAVOR OF THE BUREAU OF CUSTOMS, AT ANY TIME, SHALL**  
16 **NOT BE ACCEPTABLE AS GUARANTEE FOR THE RELEASE OF**  
17 **THE IMPORTED GOODS: *PROVIDED, FURTHERMORE,* THAT**  
18 **THE PERMIT OR LICENSE OF THE SURETY COMPANY WHICH**  
19 **HAS AN OUTSTANDING LIABILITY OF THIRTY PERCENT (30%)**  
20 **OR MORE OF THE TOTAL DUE AND DEMANDABLE BONDS, AT**  
21 **ANY TIME, WITH THE BUREAU OF CUSTOMS, TO ISSUE SURETY**  
22 **BOND FOR CUSTOMS PURPOSES, SHALL BE CANCELLED:**  
23 ***PROVIDED, FINALLY,* THAT ANY SURETY COMPANY SHALL BE**  
24 **ELIGIBLE TO ISSUE CUSTOMS SURETY BOND ONLY AFTER**  
25 **DETERMINATION OF GOOD STANDING BY THE INSURANCE**  
26 **COMMISSION.**

27            "Nothing in this Section x x x.

1           **“REFERENCE INFORMATION OBTAINED FROM A VALUE**  
2           **DATA BASE APPROVED BY THE COMMISSIONER, INCLUDING**  
3           **REVISION ORDERS, SHALL BE USED TO TEST THE**  
4           **TRUTHFULNESS AND ACCURACY OF A GIVEN VALUE**  
5           **DECLARATION. A VALUE DECLARATION WHICH FALLS**  
6           **OUTSIDE OF THE VALUE RANGE OF REVISION ORDERS SHALL**  
7           **TRIGGER A VALUATION QUERY ON THE APPLICABILITY OF**  
8           **THE METHOD OF VALUATION USED BY THE IMPORTER, IN**  
9           **WHICH CASE THE VALUATION ISSUE SHALL BE DECIDED BY**  
10           **THE VALUATION AND CLASSIFICATION REVIEW COMMITTEE**  
11           **(VCRC) ON THE APPROPRIATE METHOD OF VALUATION**  
12           **PRESCRIBED UNDER THIS SECTION. FOR PURPOSES OF THIS**  
13           **SECTION, A REVISION ORDER SHALL REFER TO THE**  
14           **DOCUMENT WHICH INDICATES THE LATEST VALUES OF A**  
15           **PRODUCT(S), WHICH SHALL BE APPLICABLE AND EFFECTIVE**  
16           **WITHIN THE PERIOD OF NINETY (90) DAYS FROM DATE OF ITS**  
17           **ISSUANCE BY THE BUREAU OF CUSTOMS, AFTER**  
18           **CONSULTATION WITH INDUSTRY REPRESENTATIVES.**

19           **“THE VCRC SHALL REVIEW AND DECIDE ON THE**  
20           **APPLICABILITY OF THE METHOD OF VALUATION USED OR**  
21           **DECLARED BY THE IMPORTER IN THE IMPORT ENTRY.**

22           **“If, after receiving further information x x x.”**

23           **SEC. 3. Section 701 of the Tariff and Customs Code of the Philippines,**  
24           **as amended, is hereby further amended to read as follows:**

25           **“SEC. 701. *Collection Districts and Ports of Entry***  
26           ***Thereof.* – For administrative purposes, the Philippines shall be**  
27           **divided into as many collection districts as necessary, the**  
28           **respective limits of which may be changed from time to time by**  
29           **the Commissioner of Customs upon approval of the Secretary of**

1 Finance. The principal ports of entry for the respective  
2 collection districts shall be Manila, Ninoy Aquino International  
3 Airport, Cebu, Iloilo, Davao, Tacloban, Zamboanga, Cagayan de  
4 Oro, Surigao, Legaspi, Batangas, San Fernando, Subic and  
5 Manila International Container Port: **PROVIDED, THAT THE**  
6 **IMPORTATION OF ARTICLES THAT DO NOT PASS THROUGH**  
7 **THE PORTS OF ENTRY SHALL BE CONSIDERED AS UNLAWFUL**  
8 **IMPORTATION PUNISHABLE UNDER SECTION 3601 OF THIS**  
9 **CODE.**

10 SEC. 4. Section 1005 of the Tariff and Customs Code of the Philippines,  
11 as amended, is hereby further amended to read as follows:

12 "SEC. 1005. *Manifest Required of Vessel from Foreign*  
13 *Port.* - x x x.

14 "All of the cargo intended x x x.

15 "A TRUE AND COMPLETE COPY OF THE CARGO  
16 MANIFEST AND BILL OF LADING SHALL BE SENT IN ADVANCE  
17 TO THE BUREAU OF CUSTOMS AND THE PHILIPPINE PORTS  
18 AUTHORITY WITHIN FORTY-EIGHT (48) HOURS AFTER  
19 RECEIPT THEREOF BY THE MASTER OF THE VESSEL.

20 "A cargo manifest shall in no case be changed or altered  
21 after entry of the vessel, except by means of an amendment by  
22 the master, consignee or agent thereof, under oath, and attached  
23 to the original manifest: *Provided, however,* That after the  
24 invoice and/or entry covering an importation have been received  
25 and recorded [in the office of the appraiser] EITHER MANUALLY  
26 OR ELECTRONICALLY IN THE BUREAU OF CUSTOMS OR HAD  
27 BEEN LOGGED IN ITS COMPUTER SYSTEM, no amendment of  
28 the manifest shall be allowed, except when it is obvious that a

1 clerical error or any discrepancy has been committed in the  
2 preparation of the manifest, without any fraudulent intent,  
3 discovery of which would not have been made until after  
4 examination has been completed. **PRIOR TO RELEASE OF THE**  
5 **CARGO, THE VERACITY OF THE AMENDMENT SHALL BE**  
6 **EXAMINED BY THE COMMISSIONER OF CUSTOMS FOR THE**  
7 **PURPOSE OF INVOKING PENAL PROVISION UNDER SECTIONS**  
8 **2503 AND 3602 OF THIS CODE."**

9 SEC. 5. Section 1007 of the Tariff and Customs Code of the Philippines,  
10 as amended, is hereby further amended to read as follows:

11 "SEC. 1007. *Manifest for Commission on Audit and*  
12 *Collector.* – Papers to be Deposited with Consul. – Immediately  
13 after the arrival of a vessel from a foreign port, the master shall  
14 deliver or mail to the Chairman, *Commission on Audit, Manila,*  
15 a copy of the cargo manifest properly indorsed by the boarding  
16 officer, and **WITHIN TWENTY-FOUR (24) HOURS AFTER**  
17 **ARRIVAL,** he shall present to the Collector the original copy of  
18 the cargo manifest and, for inspection, the ship's register or  
19 other document in lieu thereof, together with the clearance and  
20 other papers granted to the vessel at the port of departure for the  
21 Philippines.

22 "WITHIN THREE DAYS FROM RECEIPT OF THE CARGO  
23 MANIFEST FROM THE MASTER, THE COLLECTOR SHALL POST  
24 COPIES THEREOF AT A CUSTOMS BULLETIN BOARD FOR TWO  
25 CONSECUTIVE WEEKS."

26 SEC. 6. Section 1008 of the Tariff and Customs Code of the Philippines,  
27 as amended, is hereby further amended to read as follows:

1                   "SEC. 1008. *Transit Cargo AND FOREIGN TRANSHIPMENT*  
2                   *OF GOODS.* – When transit cargo x x x.

3                   "WITHIN FIVE DAYS FROM THE ACTUAL DISCHARGE OF  
4                   A VESSEL, BUT IN ANY CASE NOT LATER THAN FIFTEEN (15)  
5                   DAYS FROM THE DATE OF THE VESSEL'S DEPARTURE FROM  
6                   THE PHILIPPINES, THE PARTY WHO APPLIED FOR FOREIGN  
7                   TRANSHIPMENT SUCH AS THE SHIPPING COMPANY OR AGENT,  
8                   TRANSHIPMENT OPERATOR OR THE OWNER OF THE GOODS  
9                   SHALL SUBMIT TO THE BUREAU OF CUSTOMS AND/OR TO THE  
10                  BUREAU OF INTERNAL REVENUE, A CERTIFICATE OF  
11                  DISCHARGE FROM THE FOREIGN PORT OF DISCHARGE OR  
12                  DESTINATION. THE CERTIFICATE OF DISCHARGE SHALL  
13                  CERTIFY THAT THE GOODS TRANSHIPPED FROM THE  
14                  PHILIPPINES WERE DISCHARGED AT THE PORT OF  
15                  DESTINATION AND RECEIVED BY THE CONSIGNEE NAMED IN  
16                  THE MANIFEST. THE CERTIFICATE OF DISCHARGE SHALL BE  
17                  ISSUED BY THE CUSTOMS OR PORT OFFICIALS AT THE  
18                  FOREIGN PORT OF DESTINATION: *PROVIDED*, THAT IF THE  
19                  SAID CERTIFICATE IS IN A FOREIGN LANGUAGE OTHER THAN  
20                  ENGLISH, IT SHALL BE ACCOMPANIED BY AN ENGLISH  
21                  TRANSLATION DULY AUTHENTICATED BY A PHILIPPINE  
22                  COMMERCIAL ATTACHE OR CONSUL. THE CERTIFICATE OF  
23                  DISCHARGE TO BE SUBMITTED TO THE BUREAU OF CUSTOMS  
24                  AND/OR BUREAU OF INTERNAL REVENUE SHALL BE  
25                  ACCOMPANIED BY A COPY OF THE INWARD FOREIGN  
26                  MANIFEST SUBMITTED TO, RECEIVED BY, AND PROPERLY  
27                  STAMPED BY THE CUSTOMS AUTHORITIES AT THE PORT OF  
28                  DESTINATION.

1           “FAILURE TO SUBMIT THE CERTIFICATE OF DISCHARGE  
2           AND THE INWARD FOREIGN MANIFEST AS REQUIRED  
3           HEREINABOVE SHALL CONSTITUTE *PRIMA FACIE* PROOF THAT  
4           THE GOODS ALLEGEDLY TRANSHIPPED WERE IN FACT  
5           DIVERTED TO THE PHILIPPINES, WITHOUT THE  
6           CORRESPONDING PAYMENT OF DUTIES AND TAXES WHICH  
7           SHALL BE IMMEDIATELY COLLECTED AND PAID BY THE  
8           PARTY(IES) WHICH FAILED TO SUBMIT THE CERTIFICATE OF  
9           DISCHARGE. THEREAFTER AND UNTIL THE REQUIRED  
10          CERTIFICATE OF DISCHARGE AND THE INWARD FOREIGN  
11          MANIFEST SHALL HAVE BEEN SUBMITTED, ALL SUBSEQUENT  
12          TRANSHIPMENT OF GOODS TO AND FROM THE PHILIPPINES BY  
13          THE SAID PARTY(IES) WITHOUT THE PAYMENT OF DUTIES AND  
14          TAXES SHALL BE DISALLOWED.”

15          SEC. 7. Section 1025 of the Tariff and Customs Code of the Philippines,  
16          as amended, is hereby further amended to read as follows:

17                 “SEC. 1025. *Export Product to Conform to Standard*  
18                 *Grades AND EXPORT MARKING REQUIREMENTS.* – A Collector  
19                 shall not permit products for which standard grades OR  
20                 “EXPORT ONLY” OR “FOR EXPORT” MARKING  
21                 REQUIREMENTS have been established by the government  
22                 THROUGH LAWS OR REGULATIONS to be laden aboard a vessel  
23                 clearing for a foreign port, unless the shipment conforms to the  
24                 requirements of law OR REGULATION relative to the shipment of  
25                 such products: *PROVIDED, HOWEVER, THAT EXPORT OF*  
26                 PRODUCTS MARKED “NOT FOR EXPORT” SHALL BE  
27                 PROHIBITED, AND THAT LABELS OR MARKS INDICATING  
28                 “PLACE OF SALE” OF THE PRODUCT OR “NOT FOR

1       **EXPORT” MARKINGS SHALL NOT BE CHANGED, TAMPERED**  
2       **OR CONCEALED.**

3               **“GOODS INTENDED FOR EXPORT WHICH DO NOT**  
4       **COMPLY WITH STANDARD GRADES, EXPORT MARKING**  
5       **REQUIREMENTS, OR WHOSE “NOT FOR EXPORT” OR**  
6       **“PLACE OF SALE” LABELS HAVE BEEN CHANGED,**  
7       **TAMPERED OR CONCEALED SHALL BE DISPOSED OF IN**  
8       **ACCORDANCE WITH THIS CODE, EXCEPT THROUGH**  
9       **EXPORTATION.”**

10       SEC. 8. A new Section, to be known as Section 1212, is hereby inserted  
11       in the Tariff and Customs Code of the Philippines, as amended, to read as  
12       follows:

13               **“SEC. 1212. *IMPORT PERMIT/IMPORT AUTHORITY FOR***  
14       ***AGRICULTURAL PRODUCTS. – IMPORTED AGRICULTURAL***  
15       **PRODUCTS MUST BE COVERED BY A VALID IMPORT OR**  
16       **QUARANTINE PERMIT ISSUED BY THE DEPARTMENT OF**  
17       **AGRICULTURE OR ITS CONCERNED BUREAU PRIOR TO**  
18       **IMPORTATION INTO THE PHILIPPINES. NO AGRICULTURAL**  
19       **PRODUCTS MUST BE ACCEPTED FOR LOADING AND/OR**  
20       **TRANSPORT BY A VESSEL OR AIRCRAFT INTO THE COUNTRY IF**  
21       **THESE AGRICULTURAL PRODUCTS HAVE NOT BEEN**  
22       **AUTHORIZED THROUGH AN IMPORT PERMIT OR IMPORT**  
23       **AUTHORITY ISSUED BY THE DEPARTMENT OF AGRICULTURE**  
24       **PRIOR TO SHIPMENT. THE SAME AGRICULTURAL PRODUCTS**  
25       **MUST BE SHIPPED BACK TO THE COUNTRY OF ORIGIN BY THE**  
26       **IMPORTER/CONSIGNEE THROUGH THE SAME CARRIER THAT**  
27       **LOADED/TRANSPORTED, BROUGHT IN THE PRODUCTS:**  
28       ***PROVIDED, THAT ANY IMPORTED AGRICULTURAL PRODUCT***  
29       **THAT WAS ISSUED AN IMPORT PERMIT OR IMPORT**



1           AUTHORITY AFTER ENTRY INTO THE PHILIPPINES, WHEN  
 2           SUCH IMPORT PERMIT/AUTHORITY IS REQUIRED PRIOR TO  
 3           IMPORTATION OF SUBJECT AGRICULTURAL PRODUCT, SHALL  
 4           BE CONSIDERED AS SMUGGLED ARTICLE AND SHALL BE  
 5           DISPOSED OF IN THE MANNER AS PROVIDED FOR IN SECTION  
 6           2602 OF THIS CODE.”

7           SEC. 9. Section 1302 of the Tariff and Customs Code of the Philippines,  
 8 as amended, is hereby further amended to read as follows:

9                   “SEC. 1302. *Import Entries.* – x x x.

10                   “The Commissioner may, x x x.

11                   “A formal entry may be x x x:

12                   “(a) x x x;

13                   “(b) x x x; or

14                   “(c) x x x.

15                   “FOR PURPOSES HERETO, ALL IMPORT ENTRIES SHALL  
 16                   EXPLICITLY AND CLEARLY INDICATE THE NAME OF THE  
 17                   CUSTOMS BONDED WAREHOUSE WHERE THE IMPORTED  
 18                   ARTICLES WILL BE PLACED OR DEPOSITED, AND THE NAME OF  
 19                   THE IMPORTER OR CONSIGNEE.

20                   “Import entries under irrevocable x x x.

21                   “All importations entered x x x.”

22           SEC. 10. Section 1409 of the Tariff and Customs Code of the  
 23 Philippines, as amended, is hereby further amended to read as follows:

24                   “SEC. 1409. [*Employment and Compensation of Persons*  
 25                   *to Assist in Appraisal or Classification of Articles.*] **VALUATION**  
 26                   **AND CLASSIFICATION REVIEW COMMITTEE (VCRC).** – [When  
 27                   necessary, the Collector may request two disinterested persons

1       versed in the matter to assist the appraiser in appraising or  
 2       ascertaining dutiable value of any article. Persons so employed  
 3       shall be paid compensation in an amount to be determined by  
 4       the Commissioner, not exceeding fifty pesos (P50.00) for each  
 5       day of such service.] **GENUINE VALUATION AND**  
 6       **CLASSIFICATION, ISSUES SHALL BE COURSED THROUGH A**  
 7       **VALUATION AND CLASSIFICATION REVIEW COMMITTEE**  
 8       **(VCRC) DIRECTLY UNDER THE CHAIRMANSHIP OF THE**  
 9       **RESPECTIVE DISTRICT COLLECTOR OF CUSTOMS.**

10       **"FROM AMONG THE MEMBERS OF THE VCRC, ONE**  
 11       **MEMBER SHALL COME FROM AMONG THE RECOMMENDEES**  
 12       **OF THE DEPARTMENT OF TRADE AND INDUSTRY AND THE**  
 13       **DEPARTMENT OF AGRICULTURE AND THE TARIFF**  
 14       **COMMISSION, AS THE CASE MAY BE, AND ONE MEMBER SHALL**  
 15       **COME FROM THE PRIVATE SECTOR REPRESENTING THE**  
 16       **INDUSTRY SECTOR AFFECTED."**

17       SEC. 11. Section 1704(d) of the Tariff and Customs Code of the  
 18       Philippines, as amended, is hereby further amended to read as follows:

19       "SEC. 1704. *Abatement or Refund of Duties on Articles*  
 20       *Lost or Destroyed After Arrival. --*

21       "x x x:

22       "d. While released under irrevocable domestic letter of  
 23       credit, bank guarantee or bond for export except in case of loss  
 24       by theft: **PROVIDED, THAT NO ABATEMENT OR REFUND SHALL**  
 25       **BE MADE WHEN THE THEFT OCCUR IN BONDED WAREHOUSES**  
 26       **OUTSIDE OF THE CUSTOMS ZONE."**

27       SEC. 12. Section 1801 of the Tariff and Customs Code of the  
 28       Philippines, as amended, is hereby further amended to read as follows:

1           "SEC. 1801. *Abandonment, Kinds and Effects of.* – An  
2 imported article is deemed abandoned x x x:

3           "a. When the owner, importer x x x; or

4           "b. When the owner, importer, consignee or interested  
5 party after due notice, fails to file an entry x x x. **ALL SHIPPING**  
6 **LINES, SHIPPING COMPANIES, FREIGHT FORWARDERS,**  
7 **CONSOLIDATORS, BREAK BULK AGENTS AND THEIR AGENTS**  
8 **AND SUB-AGENTS AND ARRASTRE CONTRACTORS ARE**  
9 **REQUIRED TO STATE IN BOLD, PROMINENT AND**  
10 **COMPREHENSIBLE CHARACTERS THE PHRASE 'CUSTOMS LAW**  
11 **REQUIRES THE FILING OF ENTRY WITHIN THIRTY (30) DAYS**  
12 **FROM THE DATE OF DISCHARGE OF THE LAST PACKAGE FROM**  
13 **THE VESSEL, OTHERWISE, THE CARGO MAY BE DEEMED**  
14 **ABANDONED AND TO BE FORFEITED IN FAVOR OF THE**  
15 **GOVERNMENT AND SHALL BE DISPOSED OF IN ACCORDANCE**  
16 **WITH THIS CODE' IN EACH AND EVERY NOTICE OF ARRIVAL**  
17 **TO THE OWNERS, IMPORTERS, CONSIGNEES OR OTHER**  
18 **INTERESTED PARTIES. THE SAME SHALL SERVE TO SATISFY**  
19 **THE DUE NOTICE REQUIREMENT REFERRED TO IN PARAGRAPH**  
20 **(B) HEREOF, IN WHICH CASE THE OWNER, IMPORTER OR**  
21 **CONSIGNEE OF THE IMPORTATION SHALL HAVE A PERIOD OF**  
22 **THIRTY (30) DAYS, WHICH SHALL NOT BE EXTENDIBLE, FROM**  
23 **THE DATE OF DISCHARGE OF THE LAST PACKAGE FROM THE**  
24 **VESSEL WITHIN WHICH TO FILE THE APPROPRIATE ENTRY.**  
25 **FAILURE ON THE PART OF THE SHIPPING LINES, SHIPPING**  
26 **COMPANIES, FREIGHT FORWARDERS, CONSOLIDATORS, BREAK**  
27 **BULK AGENTS AND THEIR AGENTS AND SUB-AGENTS AND**  
28 **ARRASTRE CONTRACTORS TO COMPLY HEREWITH SHALL**  
29 **CONSTITUTE A GROUND FOR THE SUSPENSION OF THEIR**

1           **LICENSES OR AUTHORITY TO ENGAGE IN THEIR RESPECTIVE**  
2           **LINE OF ACTIVITIES IN THE IMPORTATION OPERATIONS.**

3           “Any person who abandons x x x.”

4           SEC. 13. Section 1901 of the Tariff and Customs Code of the  
5 Philippines, as amended, is hereby further amended to read as follows:

6           “SEC. 1901. *Establishment and Supervision of*  
7           *Warehouses.* – When the business of the port requires such  
8           facilities, the Collector, subject to the approval of the  
9           Commissioner, shall designate and establish warehouses for use  
10          as public and private bonded warehouses, sheds or yards, or for  
11          other special purposes. **ALL SUCH WAREHOUSES SHALL BE**  
12          **ACCREDITED BY AN ACCREDITATION COMMITTEE WHICH**  
13          **SHALL BE COMPOSED OF THE SECRETARY OF TRADE AND**  
14          **INDUSTRY, AS CHAIR THEREOF, AND ONE REPRESENTATIVE**  
15          **EACH FROM THE INDUSTRY ASSOCIATION OR INDUSTRY**  
16          **SECTOR AFFECTED AND THE INDUSTRY ASSOCIATION SOUGHT**  
17          **TO BE SERVICED BY THE CUSTOMS BONDED WAREHOUSE.**

18          “All such warehouses and premises shall be subject to the  
19          supervision of the Collector, who shall impose such conditions  
20          as may be deemed necessary for the protection of the revenue  
21          and of the articles stored therein. **THE CUSTOMS COLLECTOR**  
22          **SHALL CONDUCT SPOT CHECKS AND PERIODIC AUDITS TO**  
23          **ENSURE THAT APPLICABLE CUSTOMS LAWS AND**  
24          **REGULATIONS ARE FOLLOWED BY BONDED FACILITIES.”**

25          SEC. 14. Section 1904 of the Tariff and Customs Code of the  
26 Philippines, as amended, is hereby amended to read as follows:

27          “SEC. 1904. *Irrevocable Domestic Letter of Credit or*  
28          *Bank Guarantee. [for Warehousing Bond]* – After articles

1 declared in the entry for warehousing shall have been examined  
 2 and the duties, taxes and other charges shall have been  
 3 determined, the Collector shall require from the importer an  
 4 irrevocable domestic letter of credit OR bank guarantee [or  
 5 bond] equivalent to the amount of such duties, taxes and other  
 6 charges conditioned upon the withdrawal of articles within the  
 7 period prescribed by Section nineteen hundred and eight of this  
 8 Code and for payment of any duties, taxes and other charges to  
 9 which the articles shall be then subject and upon compliance  
 10 with all legal requirements regarding their importation.”

11 SEC. 15. Section 1907 of the Tariff and Customs Code of the  
 12 Philippines, as amended, is hereby further amended to read as follows:

13 “SEC. 1907. *Withdrawal of Articles from Bonded*  
 14 *Warehouse.* – Articles entered under irrevocable domestic letter  
 15 of credit OR bank guarantee [or bond] may be withdrawn at any  
 16 time for consumption, for transportation to another port, for  
 17 exportation or for delivery on board a vessel or aircraft engaged  
 18 in foreign trade for use on board such vessel or aircraft as sea  
 19 stores or aircraft stores after liquidation of the entry. The  
 20 withdrawal must be made by a person or firm duly authorized by  
 21 the former, whose authority must appear in writing upon the  
 22 face of the withdrawal entry.”

23 SEC. 16. A new Section, to be known as Section 1910, is hereby inserted  
 24 in Part 1, Title V, Book II of the Tariff and Customs Code of the Philippines, as  
 25 amended, to read as follows:

26 “SEC. 1910. *ACTS DEEMED AS SMUGGLING PUNISHABLE*  
 27 *UNDER SECTIONS 3601 AND 3602 OF THIS CODE.* – THE

1 FOLLOWING SHALL BE DEEMED AS ACTS OF SMUGGLING  
2 WHICH SHALL BE PUNISHABLE UNDER SECTIONS 3601 AND  
3 3602 OF THIS CODE:

4 "(A) BREAKING OF CUSTOMS SEALS OR  
5 UNAUTHORIZED REMOVAL OF ARTICLES FROM BONDED  
6 WAREHOUSES;

7 "(B) SUBMISSION OF INCORRECT OR FALSE  
8 INFORMATION BY THE BONDED WAREHOUSE;

9 "(C) WAREHOUSING OF THE FOLLOWING SHIPMENTS:

10 "1. FINISHED ARTICLES, WITHOUT EXCEPTION. -  
11 FINISHED ARTICLES, AS USED IN THIS SECTION, SHALL REFER  
12 TO SCIENTIFICALLY OR TECHNOLOGICALLY PROCESSED  
13 ARTICLES IN FINAL STATE SUCH THAT NO OTHER PRODUCT  
14 CAN BE MANUFACTURED THEREFROM UNLESS ITS PRINCIPAL  
15 CHARACTER IS FIRST DESTROYED.

16 "2. ARTICLES NOT DECLARED IN THE IMPORT ENTRIES  
17 OR IN EXCESS OF THE VOLUME AND QUANTITY ALLOWED  
18 UNDER THE LICENSE OF THE CUSTOMS BONDED WAREHOUSE.

19 "3. PROHIBITED ARTICLES AND REGULATED ARTICLES  
20 WITHOUT THE CORRESPONDING CLEARANCE AND/OR IMPORT  
21 AUTHORITY DULY ISSUED BY A COMPETENT AUTHORITY.

22 "(D) UNAUTHORIZED TRANSFERS FROM THE CUSTOMS  
23 ZONE OF WAREHOUSING ARTICLES IMPORTED BY THE  
24 BONDED WAREHOUSE.

25 "(E) UNAUTHORIZED WITHDRAWAL FROM A BONDED  
26 WAREHOUSE WITHOUT PAYMENT OF DUTIES AND TAXES.

27 "(F) FAILURE TO LIQUIDATE IMPORTED ARTICLES  
28 WHICH WERE WITHDRAWN FROM THE BONDED WAREHOUSE  
29 WITHIN THIRTY (30) DAYS FROM ISSUANCE BY THE BUREAU

1 OF THE CERTIFICATE OF LOADING IN A VESSEL DESTINED TO  
2 A FOREIGN PORT.

3 “(G) FAILURE TO PAY DUTIES AND TAXES ON THE  
4 REMAINING (NOT EXPORTED) IMPORTED MATERIALS WITHIN  
5 THIRTY (30) DAYS FROM LAPSE OF THE PERIOD FOR RE-  
6 EXPORTATION.

7 “IMPORTATIONS MADE IN VIOLATION OF THE ABOVE  
8 PROVISIONS IN THIS SECTION SHALL *IPSO FACTO* BE  
9 FORFEITED IN FAVOR OF THE GOVERNMENT TO BE DISPOSED  
10 OF PURSUANT TO THE PROVISIONS OF THIS CODE.”

11 SEC 17. A new Section, to be known as Section 1911, is hereby inserted  
12 in Part 1, Title V, Book II of the Tariff and Customs Code of the Philippines, as  
13 amended, to read as follows:

14 “SEC. 1911. *VERIFICATION OF RECORDS KEPT IN*  
15 *CUSTOMS BONDED WAREHOUSES.* - A CAREFUL ACCOUNT  
16 SHALL BE KEPT BY THE COLLECTOR OF ALL ARTICLES  
17 DELIVERED TO ANY BONDED WAREHOUSE, AND A SWORN  
18 MONTHLY RETURN, DULY VERIFIED BY THE CUSTOMS  
19 OFFICIAL IN CHARGE, SHALL BE MADE BY THE BONDED  
20 WAREHOUSE CONTAINING A DETAILED STATEMENT OF ALL  
21 IMPORTED ARTICLES STORED THEREIN.

22 “ALL DOCUMENTS, BOOKS AND RECORDS OF ACCOUNTS  
23 CONCERNING THE OPERATION OF ANY BONDED WAREHOUSE  
24 SHALL, UPON DEMAND OF THE SECRETARY OF FINANCE, BE  
25 MADE AVAILABLE TO THE COLLECTOR OR HIS  
26 REPRESENTATIVE OR THE INDUSTRY ASSOCIATION OR  
27 INDUSTRY SECTOR AFFECTED AND SOUGHT TO BE SERVICED

1 BY THE BONDED WAREHOUSE, FOR PURPOSES OF  
2 EXAMINATION AND/OR AUDIT.”

3 SEC. 18. Section 2003 of the Tariff and Customs Code of the  
4 Philippines, as amended, is hereby further amended to read as follows:

5 “SEC. 2003<sup>b</sup>. *Procedure for Withdrawal.* – Articles  
6 received into such bonded manufacturing warehouse x x x:  
7 *Provided, further,* That all waste materials may be [disposed]  
8 DESTROYED under government supervision. All labor performed  
9 and services rendered under these provisions shall be under the  
10 supervision of a proper customs official and at the expense of  
11 the manufacturer.

12 “VIOLATION OF THE FOREGOING PROVISION SHALL BE  
13 DEEMED AS SMUGGLING WHICH SHALL BE PUNISHABLE  
14 UNDER SECTIONS 3601 AND 3602 OF THIS CODE.

15 “THE ARTICLES SUBJECT OF THE VIOLATION SHALL  
16 *IPSO FACTO* BE FORFEITED IN FAVOR OF THE GOVERNMENT  
17 TO BE DISPOSED OF PURSUANT TO THE PROVISIONS OF THIS  
18 CODE.”

19 SEC 19. Section 2317 of the Tariff and Customs Code of the  
20 Philippines, as amended, is hereby further amended to read as follows:

21 “SEC. 2317. *Government's Right of Compulsory*  
22 *Acquisition.* – In order to protect the government revenues  
23 against the undervaluation of goods x x x.

24 “ANY INDUSTRY ASSOCIATION OR INDUSTRY SECTOR  
25 MAY LIKEWISE POST A LETTER OF CREDIT, SURETY BOND OR  
26 SOME OTHER APPROPRIATE INSTRUMENT IN FAVOR OF THE  
27 BUREAU IN THE AMOUNT EQUAL TO TWO HUNDRED PERCENT  
28 (200%) OF THE DECLARED CUSTOMS VALUE OF THE GOODS



1 UNDER QUESTION, PLUS ANY DUTIES, TAXES, FEES OR OTHER  
2 CHARGES WHICH HAVE ALREADY BEEN PAID THEREON, IN  
3 WHICH CASE THE COMMISSIONER OF CUSTOMS SHALL  
4 ACQUIRE SUCH IMPORTED GOODS, PAYMENT FOR WHICH  
5 SHALL BE MADE WITHIN TEN (10) WORKING DAYS FROM THE  
6 ISSUANCE OF A WARRANT SIGNED BY THE COMMISSIONER OF  
7 CUSTOMS FOR THE ACQUISITION OF SUCH GOODS: *PROVIDED*,  
8 THAT THE PROVISIONS OF SECTION 201 OF THIS CODE SHALL  
9 APPLY IN THE CASE OF SURETY BONDS AND SURETY  
10 COMPANIES.

11 "An importer who is dissatisfied x x x.

12 "Where no appeal is made by the importer, or upon  
13 reaffirmation of the Commissioner's decision during the appeals  
14 process, the Bureau of Customs or its agent shall sell the  
15 acquired goods pursuant to existing laws and regulations. IN  
16 CASES WHERE COMPULSORY ACQUISITION WAS INITIATED BY  
17 THE INDUSTRY ASSOCIATION OR INDUSTRY SECTOR, THE  
18 COMMISSIONER SHALL CLAIM ON THE LETTER OF CREDIT,  
19 SURETY BOND OR WHATEVER INSTRUMENT POSTED OR USED  
20 FOR THE PURPOSE AND THEREUPON RELEASE THE ACQUIRED  
21 ARTICLES TO THE INDUSTRY ASSOCIATION OR INDUSTRY  
22 SECTOR WHICH POSTED THE INSTRUMENT.

23 "Nothing in this Section limits x x x."

24 SEC. 20. Section 2503 of the Tariff and Customs Code of the  
25 Philippines, as amended, is hereby further amended to read as follows:

26 "SEC. 2503. *Undervaluation, Misclassification and*  
27 *Misdeclaration in Entry.* - When the dutiable value of the  
28 imported articles shall be so declared and entered that the duties,

1 based on the declaration of the importer on the face of the entry  
2 would be less by ten percent (10%) than should be legally  
3 collected, or when the imported articles shall be so described  
4 and entered that the duties based on the importer's description  
5 on the face of the entry would be less by ten percent (10%) than  
6 should be legally collected based on the tariff classification, or  
7 when the dutiable weight, measurement or quantity of imported  
8 articles is found upon examination to exceed by ten percent  
9 (10%) or more than the entered weight, measurement or  
10 quantity, a surcharge shall be collected from the importer in an  
11 amount of not less than the difference between the full duty and  
12 the estimated duty based upon the declaration of the importer,  
13 nor more than twice of such difference: *Provided*, That an  
14 undervaluation, MISCLASSIFICATION, misdeclaration in weight,  
15 measurement or quantity of more than thirty percent (30%)  
16 between the value, weight, measurement or quantity declared in  
17 the entry, and the actual value, weight, quantity, or measurement  
18 shall constitute a *prima facie* evidence of fraud penalized under  
19 Section 2530 AND SECTION 3602 of this Code: *Provided*,  
20 *further*, That any, UNDERVALUED, misdeclared, MISCLASSIFIED  
21 or undeclared imported articles/items found upon examination  
22 shall *ipso facto* be forfeited in favor of the Government to be  
23 disposed of pursuant to the provisions of this Code: **PROVIDED,**  
24 **FURTHERMORE, THAT THE LICENSE, PERMIT AND THE**  
25 **BUSINESS NAME OF THE SUBJECT IMPORTER SHALL BE**  
26 **DEFMED AUTOMATICALLY REVOKED.**

27 "THE PROVISIONS OF THIS SECTION SHALL LIKEWISE  
28 APPLY WHEN IMPORTED ARTICLES THAT CONTAIN A

1           PRINCIPAL INGREDIENT TO WHICH A HIGHER TARIFF IS  
2           PRESCRIBED, DECLARED, DESCRIBED AND ENTERED SUCH  
3           THAT THE DUTIES BASED ON THE IMPORTER'S DECLARATION  
4           ON THE FACE OF THE ENTRY WOULD BE LESS BY TEN  
5           PERCENT (10%) OR MORE THAN WHAT SHOULD BE LEGALLY  
6           COLLECTED BASED ON THE HIGHER TARIFF CLASSIFICATION:  
7           **PROVIDED**, THAT THE AMOUNT OF SAID INGREDIENT IN THE  
8           IMPORTED ARTICLES REACHES THE THRESHOLD CONTENT  
9           PRESCRIBED IN SAID HIGHER CLASSIFICATION.

10           "When the undervaluation, misdescription,  
11           misclassification or misdeclaration in the import entry is  
12           intentional, the importer shall be subject to penal provisions  
13           under Section 3602 of this Code."

14           SEC. 21. A new Section, to be known as Section 2503-A, is hereby  
15           inserted in Part 4, Title VI, Book II of the Tariff and Customs Code of the  
16           Philippines, as amended to read as follows:

17           "SEC. 2503-A. *NON-IMPOSITION OF SURCHARGE.* -  
18           EXEMPTION FROM THE SURCHARGE SHALL BE ALLOWED  
19           ONLY IN CASES WHEN THE DECLARED OR ENTERED  
20           CLASSIFICATION IS BASED ON RULINGS BY THE TARIFF  
21           COMMISSION PURSUANT TO SUBSECTION (A) OF SECTION  
22           1313 OF THIS CODE: **PROVIDED**, THAT THE DESCRIPTION OF  
23           THE ARTICLE IS FOUND CORRECT UPON EXAMINATION: AND,  
24           **PROVIDED, FURTHER**, THAT BASED ON THE RESULT OF THE  
25           EXAMINATION, THE ARTICLE IS FOUND ESSENTIALLY THE  
26           SAME AS THAT DESCRIBED IN THE RULING."

27           SEC. 22. Section 2601 of the Tariff and Customs Code of the  
28           Philippines, as amended, is hereby further amended to read as follows:

1           “SEC. 2601. [*Property Subject to Sale*] **PROPERTY**  
 2           **UNDER CUSTOMS CUSTODY SUBJECT TO DISPOSITION.** –  
 3           Property in customs custody THAT shall be subject to [sale  
 4           under the conditions] **THE MODES OF DISPOSITION** AS provided  
 5           **FOR IN SECTION 2602 HEREOF: x x x.”**

6           SEC. 23. Section 2602 of the Tariff and Customs Code of the  
 7           Philippines, as amended, is hereby further amended to read as follows:

8           “SEC. 2602. [*Place of Sale or Other Disposition of*  
 9           *Property*] **MODES OF DISPOSITION OF PROPERTY UNDER**  
 10           **CUSTOMS CUSTODY.** – Property within the purview of this part  
 11           of this Code shall be [sold, or otherwise disposed of, upon the  
 12           order of the Collector of the port where the property is found,  
 13           unless the Commissioner shall direct its conveyance for such  
 14           purpose to some other port.] **DISPOSED OF THROUGH THE**  
 15           **FOLLOWING MODES OF DISPOSITION:**

16           “(A) **WHEN SUBJECT PROPERTY HAS EXPORT**  
 17           **POTENTIAL, THE SAME SHALL BE EXPORTED THROUGH A**  
 18           **GOVERNMENT ENTITY WHICH SHALL BE DESIGNATED TO**  
 19           **PERFORM SAID TASK;**

20           “(B) **WHEN THE PROPERTY IS NOT EXPORTED, AND**  
 21           **UPON RECOMMENDATION OF THE COMMISSIONER OF**  
 22           **CUSTOMS, THE SECRETARY OF FINANCE MAY AUTHORIZE**  
 23           **THE OFFICIAL USE OF THE ARTICLES TO PROMOTE THE**  
 24           **INTENSIVE COLLECTION OF TAXES AND/OR TO HELP PREVENT**  
 25           **OR SUPPRESS SMUGGLING AND OTHER FRAUDS UPON THE**  
 26           **CUSTOMS;**

1           “(C) WHEN THE ARTICLE IS NOT SUITABLE FOR  
2 EXPORTATION OR FOR USE AGAINST SMUGGLING OR OTHER  
3 FRAUDS UPON CUSTOMS, THEN IT MAY BE CHANNLED TO THE  
4 OFFICIAL USE OF OTHER OFFICES OF THE NATIONAL  
5 GOVERNMENT; AND

6           “(D) IF THE ARTICLE IS SUITABLE FOR SHELTER OR  
7 CONSISTS OF FOODSTUFFS OR CLOTHING MATERIALS, THEN  
8 THAT ARTICLE SHALL BE GIVEN TO THE DEPARTMENT OF  
9 SOCIAL WELFARE AND DEVELOPMENT, OR TO THE  
10 DEPARTMENT OF HEALTH IN THE CASE OF MEDICINES.

11           “THE COST OF EXPORTATION OF SUBJECT PROPERTY  
12 UNDER THIS SECTION, INCLUDING ALL ATTENDANT COSTS  
13 THERETO, SHALL BE SHOULDERED BY THE  
14 IMPORTER/CONSIGNEE WHO UNLAWFULLY BROUGHT IN THE  
15 IMPORTED ARTICLE, AND/OR THE BROKER THEREOF, AS THE  
16 CASE MAY BE; WHEN BOTH THE IMPORTER/CONSIGNEE WHO  
17 UNLAWFULLY BROUGHT IN THE IMPORTED ARTICLE AND THE  
18 BROKER COULD NOT BE LOCATED THEN THE GOVERNMENT  
19 ENTITY WHICH IS DESIGNATED TO EXPORT SUBJECT  
20 PROPERTY SHALL SHOULDER THE COST OF EXPORTATION:  
21 *PROVIDED*, THAT ARTICLES TO BE EXPORTED UNDER THIS  
22 SECTION SHALL BE TRANSFERRED BY THE BUREAU OF  
23 CUSTOMS TO THE GOVERNMENT ENTITY THAT IS MANDATED  
24 TO EXPORT THE ARTICLES WITHIN FIFTEEN (15) DAYS FROM  
25 THE TIME THE FORFEITURE HAS BECOME FINAL AND  
26 EXECUTORY: *PROVIDED, FURTHER*, THAT ARTICLES THAT  
27 ARE CHANNLED OR AUTHORIZED FOR OFFICIAL USE OR FOR  
28 CHARITABLE PURPOSES BY GOVERNMENT ENTITIES SHALL  
29 NOT BE SOLD NOR EXCHANGED IN ANY MANNER WHATSOEVER

1           **FOR OTHER ARTICLES: PROVIDED, FURTHERMORE, THAT THE**  
 2           **COST OF HANDLING, STORAGE, TRANSPORTATION AND OTHER**  
 3           **CHARGES INCIDENTAL TO THE UPKEEP AND TRANSPORTATION**  
 4           **OF SUBJECT ARTICLE SHALL BE BORNE BY THE RECIPIENT**  
 5           **GOVERNMENT AGENCY: PROVIDED, FINALLY, THAT IF**  
 6           **SUBJECT ARTICLE CANNOT BE EXPORTED THROUGH THE**  
 7           **GOVERNMENT ENTITY DESIGNATED FOR THE PURPOSE OR IS**  
 8           **NOT SUITABLE EITHER FOR OFFICIAL USE OR CHARITY, THE**  
 9           **SAME SHALL BE BURNED OR DESTROYED IN SUCH MANNER AS**  
 10           **THE CASE MAY REQUIRE AS TO RENDER THEM ABSOLUTELY**  
 11           **WORTHLESS, IN THE PRESENCE OF A REPRESENTATIVE EACH**  
 12           **FROM THE COMMISSION ON AUDIT, THE DEPARTMENT OF**  
 13           **JUSTICE, THE BUREAU OF CUSTOMS, AND FROM THE PRIVATE**  
 14           **SECTOR.”**

15           SEC 24. Section 2603. of the Tariff and Customs Code of the  
 16           Philippines, as amended, is hereby further amended to read as follows:

17                   “SEC. 2603. *[Mode of Sale]* **DISPOSITION OF PROCEEDS**  
 18           **IN CASE OF EXPORTATION.** – [In the absence of any special  
 19           provision, subject to the provisions of Section 2601 above  
 20           provided, property subject to sale by the customs authorities  
 21           shall be sold at public auction within thirty (30) days after ten  
 22           (10) days notice of such sale shall have been conspicuously  
 23           posted at the port and such other advertisement as may appear to  
 24           the Collector to be advisable in the particular case.] **THE**  
 25           **FOLLOWING CHARGES SHALL BE PAID FROM THE PROCEEDS**  
 26           **OF THE EXPORTATION OF ARTICLES WITHIN THE PURVIEW OF**  
 27           **THIS PART OF THIS CODE:**

1                   “(A) EXPORTATION EXPENSES INCURRED BY THE  
2 GOVERNMENT ENTITY DESIGNATED FOR THE PURPOSE;

3                   “(B) TAXES AND OTHER CHARGES, AS THE CASE MAY  
4 BE, DUE THE GOVERNMENT;

5                   “(C) STORAGE CHARGES;

6                   “(D) ARRASTRE CHARGES; AND

7                   “(E) FREIGHT, LIGHTERAGE AND OTHER EXPENSES  
8 INCIDENTAL TO THE EXPORTATION.”

9           SEC 25. Section 2604 of the Tariff and Customs Code of the  
10 Philippines, as amended, is hereby further amended to read as follows:

11                   “SEC. 2604. *[Disqualification to Participate in Auction*  
12 *Sale]* **DISPOSITION OF SURPLUS FROM THE PROCEEDS OF**  
13 **EXPORTATION OF PROPERTY WITHIN THE PURVIEW OF THIS**  
14 **PART OF THIS CODE. – [No customs official or employee shall**  
15 **be allowed to bid directly or indirectly, in any customs auction.]**  
16 **ANY SURPLUS REMAINING AFTER THE SATISFACTION OF ALL**  
17 **LAWFUL CHARGES AS PROVIDED FOR IN SECTION 2603 OF**  
18 **THIS CODE SHALL BE DEPOSITED IN A SPECIAL TRUST FUND**  
19 **WHICH SHALL BE USED SOLELY FOR THE PURPOSE OF**  
20 **FINANCING THE COMPULSORY ACQUISITION OF IMPORTED**  
21 **GOODS BY THE GOVERNMENT AS PROVIDED FOR IN SECTION**  
22 **2317 OF THIS CODE.”**

23           SEC 26. Section 2612 of the Tariff and Customs Code of the  
24 Philippines, as amended, is hereby further amended to read as follows:

25                   “SEC. 2612. *Disposition of Smuggled Articles.* –  
26 Smuggled articles, after liability to seizure or forfeiture shall  
27 have been established by proper administrative [or judicial]

1 proceedings in conformity with the provisions of this Code, shall  
 2 be disposed of as provided for in Section 2602 hereof:  
 3 *Provided*, That articles whose importation is prohibited under  
 4 Section One Hundred [Two] ONE, sub-paragraphs b, c, d, e, and  
 5 j shall upon order to the Collector in writing, be burned or  
 6 destroyed, in such manner as the case may require as to render  
 7 them absolutely worthless, in the presence of a representative  
 8 each from the Commission on Audit, [Ministry] DEPARTMENT  
 9 of Justice, Bureau of Customs, and if possible, any  
 10 representative of the private sector.”

11 SEC. 27. Section 3519 of the Tariff and Customs Code of the  
 12 Philippines, as amended, is hereby further amended to read as follows:

13 “SEC. 3519. *Words and Phrases Defined.* – x x x:

14 “x x x.

15 “FOREIGN TRANSHIPMENT’ SHALL REFER TO THE  
 16 TRANSPORT OF GOODS FROM A FOREIGN COUNTRY INTO ANY  
 17 PORT OR PORTS OF THE PHILIPPINES FOR SHIPMENT TO A  
 18 FOREIGN DESTINATION WITHOUT INTRODUCING THE SAME  
 19 INTO THE PHILIPPINE CUSTOMS TERRITORY, PROVIDED THE  
 20 SAME IS COVERED BY A CERTIFICATE OF DISCHARGE.

21 “x x x.

22 “‘Smuggling’ is an act of any person who shall  
 23 fraudulently import or bring into the Philippines, or assist in so  
 24 doing, any article, contrary to law, or shall receive, conceal, buy,  
 25 sell or in any manner facilitate the transportation, concealment,  
 26 or sale of such article after importation, knowing the same to  
 27 have been imported contrary to law. It includes the exportation



1 of articles in a manner contrary to law. Articles subject to this  
2 paragraph shall be known as smuggled articles: **PROVIDED,**  
3 **THAT THE ACT OF RECEIVING ARTICLES THAT ARE SUPPOSED**  
4 **TO BE EXPORTED BUT ARE SUBSEQUENTLY RETURNED AND**  
5 **REJECTED BY THE IMPORTING COUNTRY SHALL NOT BE**  
6 **CONSIDERED SMUGGLING.”**

7 SEC. 28. Section 3601 of the Tariff and Customs Code of the Philippines,  
8 as amended, is hereby further amended to read as follows:

9 “SEC. 3601. *Unlawful Importation.* – Any person who  
10 shall fraudulently import or bring into the Philippines, or assist  
11 in so doing, any article, contrary to law, **SHALL BE GUILTY OF**  
12 **SMUGGLING AND SHALL BE PUNISHABLE AS HEREIN**  
13 **PROVIDED. ANY PERSON [or] WHO** shall receive, conceal, buy,  
14 sell, or in any manner facilitate the transportation, concealment,  
15 or sale of such article after importation, knowing the same to  
16 have been imported contrary to law, shall be **DEEMED** guilty of  
17 smuggling and shall **LIKEWISE** be [punished with] **PUNISHABLE**  
18 **AS HEREIN PROVIDED, ANY IMPORTATION WHICH IS NOT**  
19 **COVERED BY A LETTER OF CREDIT AND/OR PERMIT FROM THE**  
20 **BANGKO SENTRAL NG PILIPINAS TO IMPORT SAID PRODUCT,**  
21 **SHALL BE CONSIDERED AS ILLEGALLY IMPORTED AND SHALL**  
22 **BE DISPOSED OF IN THE MANNER AS PROVIDED FOR IN**  
23 **SECTION 2602 OF THIS CODE.**

24 “1. A fine of not less than [fifty] **TWENTY THOUSAND**  
25 **pesos (P20,000.00) nor more than [two hundred] ONE**  
26 **HUNDRED THOUSAND pesos (P100,000.00) and imprisonment of**  
27 **not less than [five days] TWO YEARS AND ONE DAY nor more**

1 than [twenty days] SIX YEARS, if the appraised value, to be  
2 determined in the manner prescribed under this Code, including  
3 duties and taxes, of the article unlawfully imported does not  
4 exceed [twenty-five] TWO HUNDRED THOUSAND pesos  
5 (P200,000.00);

6 "2. A fine of not less than [eight hundred] ONE  
7 HUNDRED THOUSAND pesos (P100,000.00) nor more than [five  
8 thousand] TWO HUNDRED THOUSAND pesos (P200,000.00) and  
9 imprisonment of not less than [six months] SIX YEARS and one  
10 day nor more than [four] TEN (10) years, if the appraised value,  
11 to be determined in the manner prescribed under this Code,  
12 including duties and taxes of the article unlawfully imported  
13 exceeds [twenty-five] TWO HUNDRED THOUSAND pesos  
14 (P200,000.00) but does not exceed [fifty] SIX HUNDRED  
15 thousand pesos (P600,000.00);

16 "3. A fine of not less than [six] TWO HUNDRED thousand  
17 pesos (P200,000.00) nor more than [eight thousand] SIX  
18 HUNDRED THOUSAND PESOS (P600,000.00) and imprisonment  
19 of not less than [five] TEN (10) years and one day nor more than  
20 [eight] FIFTEEN (15) years, if the appraised value, to be  
21 determined in the manner prescribed under this Code, including  
22 duties and taxes, of the article unlawfully imported is more than  
23 [fifty] SIX HUNDRED thousand pesos (P600,000.00) but does not

1 exceed [one hundred fifty thousand] ONE MILLION pesos  
2 (P1,000,000.00);

3 "4. A fine of not less than [eight thousand] SIX  
4 HUNDRED THOUSAND pesos (P600,000.00) nor more than [ten  
5 thousand] TEN MILLION pesos (P10,000,000.00) and  
6 imprisonment of not less than [eight] FIFTEEN (15) years and  
7 one day nor more than [twelve] TWENTY (20) years, if the  
8 appraised value to be determined in the manner prescribed under  
9 this Code, including duties and taxes, of the article unlawfully  
10 imported, [exceeds one hundred fifty thousand pesos] EXCEEDS  
11 ONE MILLION PESOS (P1,000,000.00) BUT NOT MORE THAN  
12 FIFTY MILLION PESOS (P50,000,000.00);

13 "5. IF THE APPRAISED VALUE, TO BE DETERMINED IN  
14 THE MANNER PRESCRIBED UNDER THIS CODE, OF THE  
15 ARTICLE UNLAWFULLY IMPORTED, INCLUDING DUTIES AND  
16 TAXES, EXCEEDS FIFTY MILLION PESOS (P50,000,000.00) OR,  
17 IF THE AGGREGATE AMOUNT OF THE APPRAISED VALUES OF  
18 THE UNLAWFULLY IMPORTED ARTICLES, INCLUDING DUTIES  
19 AND TAXES, RESULTING FROM ACTS OF UNLAWFUL  
20 IMPORTATION COMMITTED IN MORE THAN ONE INSTANCE,  
21 EXCEEDS FIFTY MILLION PESOS (P50,000,000.00), THE SAME  
22 SHALL BE DEEMED AS HEINOUS CRIME AND SHALL BE  
23 PUNISHABLE WITH THE PENALTY OF RECLUSION PERPETUA  
24 AND A FINE RANGING FROM TEN MILLION PESOS  
25 (P10,000,000.00) TO FIFTY MILLION PESOS (P50,000,000.00);

1            “[5] 6. The penalty of *prison mayor* shall be imposed  
2 when the crime of serious physical injuries shall have been  
3 committed and the penalty of *reclusion perpetua* to death shall  
4 be imposed when the crime of homicide shall have been  
5 committed by reason or on the occasion of the unlawful  
6 importation.

7            “In applying the above scale of penalties, if the offender  
8 is an alien [and the prescribed penalty is not death], he shall be  
9 deported after serving the sentence without further proceedings  
10 for deportation. If the offender is a government official or  
11 employee, the penalty [shall be the maximum as hereinabove  
12 prescribed and the offender shall suffer an additional] WHICH IS  
13 THE NEXT HIGHER IN DEGREE SHALL BE IMPOSED IN  
14 ADDITION TO THE penalty of perpetual disqualification from  
15 public office, to vote and to participate in any public election.  
16 IF THE OFFENDER FAILS TO PAY THE FINE, HE SHALL SUFFER  
17 SUBSIDIARY IMPRISONMENT.

18            “x x x.”

19            SEC. 29. Section 3602 of the *Tariff and Customs Code of the*  
20 *Philippines*, as amended, is hereby further amended to read as follows:

21            “SEC. 3602. *Various Fraudulent Practices Against*  
22 *Customs Revenue*. – Any person who makes or attempts to make  
23 entry of imported or exported article by means of any false or  
24 fraudulent invoice, declaration, affidavit, letter, paper or by any  
25 means of any false statement, written or verbal, or by any means  
26 of any false or fraudulent practice whatsoever, or [knowingly]  
27 effects any entry of goods, wares or merchandise, at less than the

1 true weight or measures thereof or upon a false classification as  
2 to quality or value, or by the payment of less than the amount  
3 legally due, or [knowingly and willfully] files any false or  
4 fraudulent entry or claim for the payment of drawback or refund  
5 of duties upon the exportation of merchandise, or makes or files  
6 any affidavit, abstract, record, certificate or other document,  
7 with a view to securing the payment to himself or others of any  
8 drawback, allowance, or refund of duties on the exportation of  
9 merchandise, greater than that legally due thereon, or who shall  
10 be guilty of any [willful] act of omission shall, for each offense,  
11 **BE GUILTY OF TECHNICAL SMUGGLING AND SHALL be**  
12 [punished in accordance with the penalties prescribed in the  
13 preceding section] **PUNISHABLE AS FOLLOWS:**

14 "1. A FINE OF NOT LESS THAN THREE HUNDRED  
15 THOUSAND PESOS (P300,000.00) NOR MORE THAN FIVE  
16 HUNDRED THOUSAND PESOS (P500,000.00) AND  
17 IMPRISONMENT OF *PRISION CORRECCIONAL*, IF THE  
18 DIFFERENCE BETWEEN THE VALUE, WEIGHT, MEASUREMENT  
19 OR QUANTITY DECLARED IN THE ENTRY AND THE TRUE AND  
20 ACTUAL VALUE, WEIGHT, QUANTITY OR MEASUREMENT OF  
21 THE ARTICLE UNLAWFULLY IMPORTED DOES NOT EXCEED  
22 ONE HUNDRED THOUSAND PESOS (P100,000.00);

23 "2. A FINE OF NOT LESS THAN FIVE HUNDRED  
24 THOUSAND PESOS NOR MORE THAN EIGHT HUNDRED  
25 THOUSAND PESOS AND IMPRISONMENT OF *PRISION MAYOR*, IF  
26 THE DIFFERENCE BETWEEN THE VALUE, WEIGHT,  
27 MEASUREMENT OR QUANTITY DECLARED IN THE ENTRY AND

1 THE TRUE AND ACTUAL VALUE, WEIGHT, QUANTITY OR  
2 MEASUREMENT OF THE ARTICLE UNLAWFULLY IMPORTED  
3 EXCEEDS ONE HUNDRED THOUSAND PESOS (P100,000.00) BUT  
4 DOES NOT EXCEED ONE MILLION PESOS (P1,000,000.00);

5 "3. A FINE OF NOT LESS THAN EIGHT HUNDRED  
6 THOUSAND PESOS (P800,000.00) NOR MORE THAN ONE  
7 MILLION PESOS (P1,000,000.00) AND IMPRISONMENT OF  
8 *RECLUSION TEMPORAL*, IF THE DIFFERENCE BETWEEN THE  
9 VALUE, WEIGHT, MEASUREMENT OR QUANTITY DECLARED IN  
10 THE ENTRY AND THE TRUE AND ACTUAL VALUE, WEIGHT,  
11 QUANTITY OR MEASUREMENT OF THE ARTICLE UNLAWFULLY  
12 IMPORTED EXCEEDS ONE MILLION PESOS (P1,000,000.00) BUT  
13 DOES NOT EXCEED FIVE MILLION PESOS (P5,000,000.00);

14 "4. A FINE OF NOT LESS THAN ONE MILLION PESOS  
15 (P1,000,000.00) NOR MORE THAN TWO MILLION PESOS  
16 (P2,000,000.00) AND IMPRISONMENT OF *RECLUSION*  
17 *PERPETUA*, IF THE DIFFERENCE BETWEEN THE VALUE,  
18 WEIGHT, MEASUREMENT OR QUANTITY DECLARED IN THE  
19 ENTRY AND THE TRUE AND ACTUAL VALUE, WEIGHT,  
20 QUANTITY OR MEASUREMENT OF THE ARTICLE UNLAWFULLY  
21 IMPORTED EXCEEDS FIVE MILLION PESOS (P5,000,000.00).

22 "IN APPLYING THE ABOVE SCALE OF PENALTIES, IF THE  
23 OFFENDER IS AN ALIEN, HE SHALL BE DEPORTED AFTER  
24 SERVING THE SENTENCE WITHOUT FURTHER PROCEEDINGS  
25 FOR DEPORTATION. IF THE OFFENDER IS A GOVERNMENT  
26 OFFICIAL OR EMPLOYEE, THE PENALTY IN ITS MAXIMUM  
27 PERIOD SHALL BE IMPOSED IN ADDITION TO THE PENALTY OF  
28 PERPETUAL DISQUALIFICATION FROM PUBLIC OFFICE, TO

1 VOTE AND TO PARTICIPATE IN ANY PUBLIC ELECTION. IF THE  
2 OFFENDER FAILS TO PAY THE FINE, HE SHALL SUFFER  
3 SUBSIDIARY IMPRISONMENT.”

4 SEC. 30. Section 3603 of the Tariff and Customs Code of the  
5 Philippines, as amended, is hereby further amended to read as follows:

6 “SEC 3603. *Failure to Report Fraud.* – Any master,  
7 pilot in command or other officer, owner or agent of any vessel  
8 or aircraft trading with or within the Philippines and any  
9 employee of the Bureau of Customs who, having cognizance of  
10 any fraud on the customs revenue, shall fail to report all  
11 information relative thereto to the Collector as by law required,  
12 shall be punished by a fine of not LESS THAN FIFTY THOUSAND  
13 PESOS (P50,000.00) BUT NOT more than [five] TWO HUNDRED  
14 thousand pesos (P200,000.00) and imprisonment for not LESS  
15 THAN TWO YEARS AND ONE DAY BUT NOT more than [one  
16 year] FIVE YEARS. If the offender is an alien, he shall be  
17 deported after serving the sentence. If the offender is a public  
18 official or employee, he shall suffer additional penalty of  
19 perpetual disqualification to hold public office, to vote and to  
20 participate in any election.”

21 SEC. 31. Section 3604 of the Tariff and Customs Code of the  
22 Philippines, as amended, is hereby further amended to read as follows:

23 “SEC. 3604. *Statutory Offenses of Officials and*  
24 *Employees.* – Every official, agent or employee of the Bureau or  
25 any other agency of the government charged with the  
26 enforcement of the provisions of this Code, who is guilty of any  
27 delinquency herein below indicated shall be punished with a fine

1 of not less than [Five] ONE HUNDRED thousand pesos  
2 (P100,000.00) nor more than [Fifty] FIVE HUNDRED thousand  
3 pesos (P500,000.00) and imprisonment for not less than [one  
4 year] TEN (10) YEARS AND ONE DAY nor more than [ten]  
5 FIFTEEN (15) years and perpetual disqualification to hold public  
6 office, to vote and to participate in any public election.

7 "x x x."

8 SEC 32. Section 3605 of the Tariff and Customs Code  
9 of the Philippines, as amended, is hereby further amended to  
10 read as follows:

11 "SEC 3605. *Concealment or Destruction of Evidence of*  
12 *Fraud.* – Any person who willfully conceals or destroys any  
13 invoice, book or paper relating to any article liable to duty after  
14 an inspection thereof has been demanded by the Collector of any  
15 collection district or at any time conceals or destroys any such  
16 invoice, book or paper for the purpose of suppressing any  
17 evidence of fraud therein contained, shall be punished with a  
18 fine OF NOT LESS THAN TWENTY THOUSAND PESOS  
19 (P20,000.00) BUT not more than [five] ONE HUNDRED thousand  
20 pesos (P100,000.00) and imprisonment FOR NOT LESS THAN  
21 TWO YEARS AND ONE DAY BUT [of] not more than [two] FIVE  
22 years."

23 SEC 33. Section 3606 of the Tariff and Customs Code of the  
24 Philippines, as amended, is hereby further amended to read as follows:

25 "SEC. 3606. *Affixing Seals.* – Any person who, without  
26 authority affixes or attaches a customs seal, fastening, or mark



1 or any seal, fastening or mark purporting to be a customs seal,  
 2 fastening or mark to any vessel, vehicle on land, sea or air,  
 3 warehouse, or package, shall be punished with a fine of not LESS  
 4 THAN TWENTY THOUSAND PESOS (P20,000.00) BUT NOT more  
 5 than [twenty] ONE HUNDRED thousand pesos (P100,000.00)  
 6 [or] AND imprisonment of not LESS THAN TWO YEARS AND ONE  
 7 DAY BUT NOT more than [five] SEVEN years[, or both]. If the  
 8 offender is an alien, he shall be deported after serving the  
 9 sentence; and if he is a public official or employee, he shall  
 10 suffer an additional penalty of perpetual disqualification to hold  
 11 public office, to vote and participate in any election.”

12 SEC. 34. Section 3610 of the Tariff and Customs Code of the  
 13 Philippines, as amended, is hereby further amended to read as follows:

14 “SEC. 3610. *Failure to Keep Importation Records and*  
 15 *Give Full Access to Customs Officers.* – Any person who fails to  
 16 keep all the records of importations and/or books of accounts,  
 17 business and computer systems and all customs commercial data  
 18 in the manner prescribed in Part 2, Section 3514 of this Title  
 19 shall be punished with a fine of not less than [One hundred  
 20 thousand pesos (P100,000.00)] TWO HUNDRED THOUSAND  
 21 PESOS (P200,000.00) but not more than [Two hundred thousand  
 22 pesos (P200,000.00)] FIVE HUNDRED THOUSAND PESOS  
 23 (P500,000.00) [and/or] AND imprisonment of not less than [two  
 24 (2)] FOUR years and one day but not more than [six (6)] EIGHT  
 25 years. This penalty shall likewise be imposed against  
 26 importers/brokers who deny an authorized customs officer full

1 and free access to such records, books of accounts, business and  
2 computer systems, and all customs commercial data including  
3 payment records. This is without prejudice to the administrative  
4 sanctions that the Bureau of Customs may impose against  
5 contumacious importers under existing laws and regulations  
6 including the authority to hold delivery or release of their  
7 imported articles.”

8 SEC. 35. Section 3612 of the Tariff and Customs Code of the  
9 Philippines, as amended, is hereby further amended to read as follows:

10 “SEC. 3612. *Violations of Tariff and Customs Laws and*  
11 *Regulations in General.* – Any person who violates a provision  
12 of this Code or regulations pursuant thereto, for which  
13 delinquency no specific penalty is provided, shall be punished  
14 by a fine of not **LESS THAN TWENTY THOUSAND PESOS**  
15 **(P20,000.00)** BUT NOT more than one **HUNDRED** thousand pesos  
16 **(P100,000.00)** [or] AND by imprisonment for not **LESS THAN**  
17 **TWO YEARS AND ONE DAY BUT NOT** more than [one year] **FIVE**  
18 **YEARS**[, or both]. If the offender is an alien, he shall be deported  
19 after serving the sentence and if the offender is a public official  
20 or employee, he shall suffer disqualification to hold public  
21 office, to vote and participate in any public election for ten  
22 years.”

23 SEC. 36. A new Section, to be known as Section 3613, is hereby inserted  
24 to the Tariff and Customs Code of the Philippines, as amended, to read as  
25 follows:

26 “SEC. 3613. *SUMMARY PROCEDURE FOR SEIZURE AND*  
27 *FORFEITURE.* – NOTWITHSTANDING THE PROVISIONS OF

1 TITLE VI OF THIS CODE, ARTICLES WHICH ARE  
2 FRAUDULENTLY IMPORTED OR BROUGHT INTO THE  
3 PHILIPPINES WITHOUT BEING ENTERED THROUGH THE  
4 CUSTOMSHOUSE, OR WITHOUT PAYMENT OF THE CORRECT  
5 AND APPLICABLE DUTIES, TAXES, FEES AND CHARGES SHALL  
6 BE SUMMARILY SEIZED AND FORFEITED IN FAVOR OF THE  
7 GOVERNMENT WHEN WARRANTED OR DETERMINED IN THE  
8 SEIZURE PROCEEDINGS. SUBJECT TO THE PROVISIONS OF  
9 SECTIONS 2530 AND 2531 OF THIS CODE, ANY VESSEL OR  
10 AIRCRAFT WHICH IS LEASED TO FRAUDULENTLY BRING IN  
11 SAID IMPORTED ARTICLES INTO THE PHILIPPINES SHALL  
12 LIKEWISE BE SUBJECT TO SUMMARY SEIZURE AND  
13 FORFEITURE.

14 "THE DECISION OF THE SECRETARY OF FINANCE, UPON  
15 THE RECOMMENDATION OF THE COMMISSIONER OF  
16 CUSTOMS, UNDER THIS SECTION SHALL BE FINAL AND  
17 UNAPPEALABLE.

18 "NO COURT, EXCEPT THE COURT OF TAX APPEALS AND  
19 THE SUPREME COURT, SHALL ISSUE ANY TEMPORARY  
20 RESTRAINING ORDER OR ANY INJUNCTIVE RELIEF AGAINST  
21 THE SEIZURE, FORFEITURE OR DISPOSITION OF THE SUBJECT  
22 ARTICLES COVERED BY THIS SECTION.

23 "THE OWNER OR OPERATOR OF ANY SEIZED VESSEL OR  
24 AIRCRAFT UNDER THIS SECTION SHALL BE BLACKLISTED  
25 FROM OPERATING AND/OR FROM ENGAGING IN TRADE IN THE  
26 PHILIPPINES."

27 SEC. 37. *Creation of a Special Body Against Smuggling.* – The Office of  
28 the President shall create a special body against smuggling. This special body  
29 shall be composed of the heads of relevant government enforcement agencies as

1 well as representatives from the private sector who shall be appointed by the  
2 President. It shall provide advice and recommendation to the President on  
3 matters relating to acts of smuggling which are committed on a large scale or by  
4 syndicates, and to ensure that there is an integrated and coordinated national  
5 campaign against smuggling. Based on guidelines issued by the President, the  
6 special body against smuggling shall formulate policies and develop strategies to  
7 prevent and suppress smuggling.

8 For purposes of this Section, large scale smuggling shall refer to acts of  
9 unlawfully importing goods or contraband with a determinable value of at least  
10 Five million pesos (P5,000,000.00); and that acts of smuggling shall be deemed  
11 to have been committed by a syndicate when carried out by a group of three or  
12 more persons conspiring and/or confederating with one another in carrying out  
13 the unlawful acts.

14 SEC. 38. *Transitory Provision.* – All existing customs bonded  
15 warehouses established under Section 1901 of the Tariff and Customs Code of  
16 the Philippines, as amended, shall have one year from approval of the law to  
17 convert themselves to manufacturing customs bonded warehouses under Section  
18 2001 of the Code or register themselves in special economic zones or freeports.  
19 After the lapse of the one year period, any importation by these customs bonded  
20 warehouses shall be treated as regular importations to be covered by ordinary  
21 consumption entries only, unless such customs bonded warehouse in the  
22 meantime has transferred to special economic zone or PEZA zone, which in  
23 such case the said importation shall be treated as a PEZA shipment.

24 SEC. 39. *Separability Clause.* – If any provision of this Act is  
25 subsequently declared unconstitutional, the validity of the remaining provisions  
26 hereof shall remain in full force and effect.

1           SEC. 40. *Rules and Regulations.* – The Secretary of Finance shall, upon  
2 the recommendation of the Commissioner of Customs, promulgate the necessary  
3 rules and regulations for the effective implementation of this Act.

4           SEC. 41. *Repealing Clause.* – Sections 2605, 2606, 2607 and 2610 of the  
5 Tariff and Customs Code of the Philippines, as amended, are hereby repealed.  
6 All laws, decrees, executive orders, rules and regulations and other issuances or  
7 parts thereof which are inconsistent with this Act are hereby repealed or  
8 modified accordingly.

9           SEC. 42. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
10 publication in the *Official Gazette* or in any two newspapers of general  
11 circulation, whichever date comes earlier.

Approved,

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